

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Dickinson-Iron Intermediate School District	County Dickinson
Fiscal Year End 6/30/2006	Opinion Date 7/31/2006	Date Audit Report Submitted to State 10/11/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

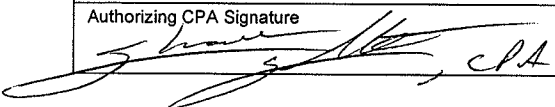
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	n/a	
Other (Describe)	<input checked="" type="checkbox"/>	n/a	
Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC		Telephone Number 906-774-4300	
Street Address Po Box 828		City Iron Mountain	State MI
Authorizing CPA Signature 		Printed Name Shane M. Ellison, CPA	Zip 49801
		License Number 263063	

DICKINSON-IRON INTERMEDIATE
SCHOOL DISTRICT

REPORT ON FINANCIAL STATEMENTS
(with additional information)

For the Year Ended June 30, 2006

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

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ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A Regional Firm with Offices in Michigan and Wisconsin

Principals - Iron Mountain:
L. Robert Schaut, CPA
David J. Johnson, CPA
Shane M. Ellison, CPA

Member of:
Private Companies Practice Section
American Institute of Certified
Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Dickinson-Iron Intermediate School District
Kingsford, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dickinson-Iron Intermediate School District ("District") as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the District's Board of Education and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dickinson-Iron Intermediate School District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplemental information identified in the table of contents are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards and schedule of federal financial awards provided to sub recipients are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Iron Mountain, Michigan
July 31, 2006

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

Dickinson-Iron Intermediate School District's Management Discussion and Analysis is intended to assist the reader to focus on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position including its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ending June 30, 2006.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-Wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
(other than MD&A expanded)

As mentioned, GASB 34 requires the presentation of two basic types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

District-Wide Financial Statements

The District-Wide Financial Statements provide a perspective of the District as a whole. These financial statements use the full accrual basis of accounting similar to private sector companies. There are two District-Wide Financial Statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates governmental funds: current financial resources (short-term available resources) with capital assets and long-term obligations, regardless of their current availability.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

Fund Financial Statements

The Fund Financial Statements are similar to financial presentations of years past, but the new focus is on the District's Major Funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounts. Under this basis of accounting, revenues are recorded when received, except when they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period those goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year, and future debt obligations are not recorded.

Fund types include the General Fund, Special Education Fund, Technical Education Fund, Early Childhood Fund, Debt Retirement Fund, and Capital Projects Fund. The General Fund, Special Education Fund, and Technical Education Fund are used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions and grants, and other intergovernmental revenues. The Debt Retirement Fund is used to record the funding and payment of principal and interest on bonded debt. The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities.

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

Financial Analysis of the District as a Whole

Summary of Net Assets

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets:		
Current assets	\$ 2,531,843	\$ 2,832,374
Net capital assets	<u>3,182,076</u>	<u>3,229,501</u>
Total assets	<u>5,713,919</u>	<u>6,061,875</u>
Liabilities:		
Current liabilities	440,149	229,562
Long term liabilities	<u>420,985</u>	<u>344,220</u>
Total liabilities	<u>861,134</u>	<u>573,782</u>
Net Assets:		
Invested in capital assets, net of related debt	2,920,349	2,946,326
Unrestricted	<u>1,932,436</u>	<u>2,541,767</u>
Total net assets	<u>4,852,785</u>	<u>5,488,093</u>
Total Net Assets and Liabilities	<u>\$ 5,713,919</u>	<u>\$ 6,061,875</u>

The School District's net assets totaled \$4,852,785 at June 30, 2006, compared to \$5,488,093 at June 30, 2005. Total net assets can be separated into two categories: invested in capital assets, net of related debt and unrestricted assets.

Net capital assets are a combination of funds available for capital assets less accumulated depreciation and related debt. The original cost of capital assets was \$5,129,550 at June 30, 2006, and \$5,108,990 at June 30, 2005. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value, expensed over the estimated use life of the assets. Total accumulated depreciation was \$1,947,474 at June 30, 2006, and \$1,879,489 at June 30, 2005. Total debt related to capital assets was \$261,720 at June 30, 2006, and \$283,175 at June 30, 2005.

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

The remaining balance in unrestricted assets represents an excess balance of \$1,932,436 at June 30, 2006, and \$2,541,767 at June 30, 2005.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-Wide results of operations for the years ended June 30, 2006 and June 30, 2005 is as follows:

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Program revenue		
Charges for services-local	\$ 701,099	\$ 691,626
Operating grants - federal state local	<u>4,067,239</u>	<u>3,619,504</u>
Total program revenue	<u>4,768,338</u>	<u>4,311,130</u>
General revenue		
Property taxes levied for general operations	2,411,490	2,364,373
State of Michigan aid, unrestricted	1,807,899	2,049,728
Other- federal, state and local	<u>424,093</u>	<u>594,271</u>
Total general revenue	<u>4,643,482</u>	<u>5,008,372</u>
Total revenue	<u>9,411,820</u>	<u>9,319,502</u>
Expenses		
Instruction	4,874,024	4,837,569
Support services	4,983,270	4,289,515
Interest on long term debt	10,884	10,641
Depreciation (unallocated)	<u>178,950</u>	<u>225,501</u>
Total expenses	<u>10,047,128</u>	<u>9,363,226</u>
(Decrease) in net assets	(635,308)	(43,724)
Net Assets July 1	<u>5,488,093</u>	<u>5,531,817</u>
Net Assets June 30	<u>\$ 4,852,785</u>	<u>\$ 5,488,093</u>

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

The overall condition of the governmental funds has increased in June 30, 2006 compared to June 30, 2005. Several new grants contributed to this situation; American History, Math Science Partnership, and Great Start Collaborative.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments are known. The most significant fund budgeted is the General Fund, Special Education Fund, Technical Education Fund, and Early Childhood Fund. All the fund's operating budgets were amended each month during the fiscal year.

General Fund Operations

In the General Fund operations, the actual revenue for fiscal year June 30, 2006 was \$1,946,202. This is above the original budget of \$1,139,109 and below the final budget of \$2,770,435 - a variance of 29.76%. The actual expenditures of the general fund for fiscal year June 30, 2006 operations were \$1,796,127. This is above the original budget of \$1,112,145 and below the final budget of \$2,721,051 - a variance of 33.99%.

Variance Explanations from the Original Budget to Final Budget

Revenue: In local sources we received a new grant, Great Start Collaborative in March, 2006 for \$90,000. The other increases were a combination of interest and grant revenue. In state sources the difference also includes new state grants. In federal sources two large grants, Math Science Partnership and American History final funding was not verified. These two combined increased our revenue a total of \$1,280,451.

Variance Explanations from the Final Budget to Actual

Revenue: The variance of Final to Actual totaled \$846,233. The American History and Math Science Partnership grants run over a two year period, this caused a large due to and due from amount along with the other general fund grants.

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

Other Fund Variances

The variances between the actual revenues and the original and final revenue budgets are due primarily to the following.

- Due from State Aid
- Due from Federal Programs

The variances between the actual expenditures and the original and final expenditure budgets are due primarily to the following.

- Employee salary contract settlements and benefit adjustments
- Federal expenditure carried over to subsequent year – ECE playground
- Prior year adjustments made in state aid

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

GOVERNMENTAL FUND EXPENDITURES

Below is a summary of the governmental fund expenditures and their percentages as they relate to total governmental funds:

	Expenditures		Expenditures	
	June 30, 2006	Percentage	June 30, 2005	Percentage
General Fund	\$ 1,796,127	18.25%	\$ 1,446,480	16.34%
Special Education	4,510,169	45.84%	4,085,588	46.16%
Technical Education	1,867,336	18.98%	1,812,197	20.47%
Early Childhood	1,508,884	15.34%	1,462,870	16.53%
Other Funds	156,908	1.59%	44,481	0.50%
Total Expenditures	<u>\$ 9,839,424</u>	<u>100.00%</u>	<u>\$ 8,851,616</u>	<u>100.00%</u>

TOTAL REVENUES

Below is a summary of the governmental fund revenues and their percentages as they relate to governmental funds.

	Total Revenue		Total Revenue	
	June 30, 2006	Percentage	June 30, 2005	Percentage
State of Michigan Aid unrestricted	\$ 1,807,899	18.64%	\$ 2,049,728	21.99%
Prop taxes general operation	2,411,490	24.86%	2,364,373	25.37%
Operating grants federal state local	4,067,239	41.93%	3,619,504	38.84%
Charges for services - local	701,099	7.23%	691,626	7.42%
Other federal state local	713,326	7.35%	594,271	6.38%
Total Revenues	<u>\$ 9,701,053</u>	<u>100.00%</u>	<u>\$ 9,319,502</u>	<u>100.00%</u>

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

Unrestricted State Aid

Special Education is predominately funded by State Aid based on a blended count formula that the State of Michigan utilizes. State revenues to the District have decreased as a result of a reduction in Section 81 monies.

Property Taxes

The District levies 2.1388 mills of property taxes on all Non-Homestead property located within the District for operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value.

Operating Grants Federal, State, and Local

The District is heavily dependent upon Grant funding. Below are some of the major grants and their funding sources:

State:	Great Parents Great Start, Math & Science, Michigan School Readiness
Federal:	American History, Early On, Economic Education, Math Science Partnership Transition, Flow-Through, Pre-School, State Initiated, Capacity, Perkins, Tech Prep, and Head Start
Local:	Reading First, Ugleti, GS Collaborative

ENROLLMENT

Special Education is the only fund that receives State Aid based on student enrollment. The enrollment has remained steady, and is expected to continue at near current levels. The fall student count was 99.9, which will become part of the Special Education foundation payments for the 2006/2007 fiscal year.

Dickinson-Iron Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2006

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2006, the District had \$5,129,550 invested in land and building, furniture and equipment, vehicles and buses compared to \$5,108,990 at June 30, 2005. Of this amount, \$1,947,474 and \$1,879,489 has been depreciated at June 30, 2006 and June 30, 2005 respectively. Net book value totaled \$3,182,076 at June 30, 2006, and \$3,229,501 at June 30, 2005. Part of the reduction was due to the sale of the remaining Special Education and Early Childhood buses. The District maintains a \$1,000 threshold for capitalization of assets.

Outstanding Debt at Year End

As of June 30, 2006 the District had \$261,720 in bonds outstanding for the Durant Settlement, compared to \$283,175 at June 30, 2005. The District collects state funding equal to the payments on a yearly basis.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the Dickinson-Iron Intermediate School District. For additional detailed financial information contact:

Wendy Warmuth
Director of Business/Technology
Dickinson-Iron Intermediate School District
1074 Pyle Drive
Kingsford, MI 49802
Office Telephone (906) 779-2663
Fax Telephone (906) 779-7713

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2006

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash and equivalents	\$ 2,027,460
Receivables:	
Taxes	51,363
Accounts	66,349
Due from other governments	<u>683,376</u>
Total current assets	<u>2,828,548</u>
Noncurrent assets:	
Capital assets	5,129,550
Accumulated depreciation	<u>(1,947,474)</u>
Total noncurrent assets	<u>3,182,076</u>
TOTAL ASSETS	<u>6,010,624</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	171,043
Accrued interest	36,797
Deferred revenue	98,053
Early retirement	31,733
Bonds payable	<u>102,523</u>
Total current liabilities	<u>440,149</u>
Noncurrent liabilities:	
Early retirement and sick leave	261,788
Bonds payable	<u>159,197</u>
Total noncurrent liabilities	<u>420,985</u>
TOTAL LIABILITIES	<u>861,134</u>
NET ASSETS:	
Invested in capital assets, net of related debt	2,920,349
Unrestricted	<u>2,229,141</u>
TOTAL NET ASSETS	<u>\$ 5,149,490</u>

The accompanying notes to the financial statements are an integral part of this statement.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2006

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	\$ 4,874,024	\$ 606,679	\$ 4,067,239	\$ -	\$ (200,106)
Support	4,983,270	94,420	-	-	(4,888,850)
Depreciation	178,950	-	-	-	(178,950)
Debt interest, fees and expenses	10,884	-	-	-	(10,884)
TOTAL PRIMTARY GOVERNMENT	10,047,128	701,099	4,067,239	-	(5,278,790)
General revenues:					
Property taxes					\$ 2,411,490
State revenue sharing					1,807,899
Grants and contributions not restricted to specific programs					480,873
Unrestricted investment earnings					114,481
Other					125,444
Total general revenues and transfers					4,940,187
Changes in net assets					(338,603)
Net assets, beginning of year					5,488,093
Net assets, end of year					\$ 5,149,490

The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2006

	<u>General</u>	<u>Special Education</u>	<u>Technical Education</u>	<u>Early Childhood</u>
ASSETS:				
Cash and equivalents	\$ 422,903	\$ (14,765)	\$ 325,295	\$ (10,023)
Taxes receivable	4,024	23,670	23,669	-
Accounts receivable	1,872	49,753	5,166	9,558
Due from other governments	442,289	163,097	77,990	-
TOTAL ASSETS	<u>\$ 871,088</u>	<u>\$ 221,755</u>	<u>\$ 432,120</u>	<u>\$ (465)</u>
LIABILITIES:				
Accounts payable	\$ 135,643	\$ 34,051	\$ 595	\$ 754
Deferred revenue	98,053	-	-	-
TOTAL LIABILITIES	<u>233,696</u>	<u>34,051</u>	<u>595</u>	<u>754</u>
FUND BALANCE AND OTHER CREDITS:				
Fund balances:				
Unreserved-Designated	-	86,112	26,000	-
Unreserved-Undesignated	637,392	101,592	405,525	(1,219)
TOTAL FUND BALANCE AND OTHER CREDITS	<u>637,392</u>	<u>187,704</u>	<u>431,525</u>	<u>(1,219)</u>
TOTAL LIABILITIES, FUND BALANCE AND OTHER	<u>\$ 871,088</u>	<u>\$ 221,755</u>	<u>\$ 432,120</u>	<u>\$ (465)</u>



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

Debt Service	ECE Building Capital Projects	2004 Capital Projects	Total Governmental Funds
\$ -	\$ 22,605	\$ 984,740	\$ 1,730,755
-	-	-	51,363
-	-	-	66,349
-	-	-	683,376
<u>\$ -</u>	<u>\$ 22,605</u>	<u>\$ 984,740</u>	<u>\$ 2,531,843</u>
\$ -	\$ -	\$ -	\$ 171,043
-	-	-	98,053
-	-	-	269,096
-	22,605	984,740	1,119,457
-	-	-	1,143,290
-	22,605	984,740	2,262,747
<u>\$ -</u>	<u>\$ 22,605</u>	<u>\$ 984,740</u>	<u>\$ 2,531,843</u>

The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

For the Year Ended June 30, 2006

Total fund balances for governmental funds \$2,262,747

Total net assets reported for governmental activities in the statement
of net assets is different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. Those assets
consist of:

Land and buildings	\$ 3,065,745
Equipment	1,846,410
Vehicles	<u>217,395</u>

Total capital assets	5,129,550
Accumulated depreciation	<u>(1,947,474)</u>

Net capital assets 3,182,076

Long-term liabilities applicable to the District's governmental
activities are not due and payable in the current period and accordingly
are not reported as fund liabilities. Interest on long-term debt is not
accrued in governmental funds, but rather is recognized as an
expenditure when due. All liabilities, both current and long-term, are
reported in the statement of net assets.

Accrued interest on long-term debt	\$ (36,797)
------------------------------------	-------------

Bonds payable	(261,720)
Teachers early retirement	<u>(293,521)</u> (592,038)

Internal service fund activity 296,705

Total net assets of governmental activities \$5,149,490

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2006

	<u>General</u>	<u>Special Education</u>	<u>Technical Education</u>	<u>Early Childhood</u>
REVENUES:				
Local Sources	\$ 510,489	\$ 1,846,023	\$ 1,571,630	\$ 54,464
State Sources	651,471	940,957	184,345	-
Federal Sources	784,242	1,452,622	93,982	1,540,118
TOTAL REVENUES	<u>1,946,202</u>	<u>4,239,602</u>	<u>1,849,957</u>	<u>1,594,582</u>
EXPENDITURES:				
Instruction:				
Current	323,016	2,231,065	966,444	669,702
Capital outlay	1,093	5,400	76,518	1,305
Supporting services:				
Current	1,302,957	1,895,863	664,616	821,099
Capital outlay	39,249	16,259	17,299	16,778
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>1,666,315</u>	<u>4,148,587</u>	<u>1,724,877</u>	<u>1,508,884</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>279,887</u>	<u>91,015</u>	<u>125,080</u>	<u>85,698</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	148,964	150,436	72,514	-
Payments to other governmental units	(129,812)	(291,892)	(142,459)	-
Other uses	-	(69,690)	-	-
Transfers out	(222,950)	(273,000)	(109,500)	(85,697)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(203,798)</u>	<u>(484,146)</u>	<u>(179,445)</u>	<u>(85,697)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>76,089</u>	<u>(393,131)</u>	<u>(54,365)</u>	<u>1</u>
FUND BALANCE, JULY 1	<u>561,303</u>	<u>580,835</u>	<u>485,890</u>	<u>(1,220)</u>
FUND BALANCE, JUNE 30	<u>\$ 637,392</u>	<u>\$ 187,704</u>	<u>\$ 431,525</u>	<u>\$ (1,219)</u>

**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS



Debt Service	ECE Building Capital Projects	2004 Capital Projects	Total Governmental Funds
\$ -	\$ 1,184	\$ 38,400	\$ 4,022,190
31,126	-	-	1,807,899
-	-	-	3,870,964
<u>31,126</u>	<u>1,184</u>	<u>38,400</u>	<u>9,701,053</u>
-	-	-	4,190,227
-	-	-	84,316
-	-	-	4,684,535
-	20,052	105,730	215,367
<u>31,126</u>	<u>-</u>	<u>-</u>	<u>31,126</u>
<u>31,126</u>	<u>20,052</u>	<u>105,730</u>	<u>9,205,571</u>
-	(18,868)	(67,330)	495,482
-	-	30,000	401,914
-	-	-	(564,163)
-	-	-	(69,690)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(691,147)</u>
-	-	30,000	(923,086)
-	(18,868)	(37,330)	(427,604)
<u>-</u>	<u>41,473</u>	<u>1,022,070</u>	<u>2,690,351</u>
<u>\$ -</u>	<u>\$ 22,605</u>	<u>\$ 984,740</u>	<u>\$ 2,262,747</u>

The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2006

Net changes in fund balances -- total governmental funds \$(427,604)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$208,886 exceeded depreciation expense \$(178,950). 29,936

Undepreciated balance of retired fixed assets (77,361)

Bond and loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Durant bond principal repayments 21,455

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Early retirement obligation (176,233)
Sick leave (4,288)
Accrued interest (1,213)

Internal service fund activity 296,705

Changes in net assets of governmental activities \$ (338,603)



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND**

June 30, 2006

ASSETS:

Current assets:

Cash and equivalents

\$ 296,705

NET ASSETS:

Unrestricted

\$ 296,705



The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND**

For the Year Ended June 30, 2006

NON-OPERATING REVENUES (EXPENSES):

Interest	\$ 7,472
----------	----------

Income before transfers	7,472
-------------------------	-------

OPERATING TRANSFERS:

Operating transfers in	289,233
------------------------	---------

Change in net assets	296,705
----------------------	---------

NET ASSETS, BEGINNING OF YEAR	-
----------------------------------	---

NET ASSETS, END OF YEAR	\$ 296,705
----------------------------	------------

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND**

For the Year Ended June 30, 2006

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Transfers from other funds	\$ 289,233
----------------------------	------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	<u>7,472</u>
-----------------	--------------

NET INCREASE IN CASH AND EQUIVALENTS	296,705
--------------------------------------	---------

CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>
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CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 296,705</u></u>
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DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Dickinson-Iron Intermediate School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the statement include the following:

An Administration's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all the District's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the provisions of the Statement.

A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, *The Financial Reporting Entity*.

The criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be include in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.

Based on the foregoing criteria, it has been determined that there are no component units of the Dickinson-Iron Intermediate School District.

B. Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities except for fiduciary activities.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide Statement of Net Assets, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.).

The District does not allocate indirect costs. In creating the government-wide financial statements the District has eliminated interfund transactions.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities,

C. Basic Financial Statements – Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types in two broad fund categories as follows:

Governmental Funds - Governmental funds are used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, except for those accounted for in fiduciary funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial transactions of the District, except those required to be accounted for in other funds.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses the Special Revenue Fund to account for the Dickinson-Iron Intermediate School District's activity.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds - Capital Project Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Internal Service Funds - Internal Service Funds are used to finance, administer, and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.

Account Groups - Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The following are the District's account groups:

General Fixed Assets - This group of accounts was established to account for all general fixed assets of the District.

General Long-Term Obligations - This group of accounts has been established to account for unmatured general long-term obligations and certain other liabilities of the District not expected to be liquidated through the use of available expendable financial resources.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus. The governmental-wide statement uses the economic resources measurement focus.

Accrual

Governmental activity in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after the year end. A one year period is used for revenue recognition for all other governmental fund revenues. Those revenues prone to accrual are property taxes, federal aid, interest-revenue, and charges for services.

The District reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

State Foundation Revenue - For the fiscal year ended June 30, 2006, the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state wide formula. In previous years, the state utilized a district power equalizing approach. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on the average of pupil membership counts taken in February and September of 2005.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

Principal and interest on general long-term debt are recorded as fund liabilities when due, or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and equivalent balances for individual funds are pooled unless maintained in segregated accounts.

F. Interfund Balances and Transfers

The current portion of lending/borrowing arrangements between funds are identified as "due to/from other funds". The non-current portion of outstanding balances between funds are reported as "advances to/from other funds". Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Transfers represent a flow of assets without equivalent flows of assets in return or a requirement for repayment.

G. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the Special Revenue Fund consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Inventories for commodities are recorded as revenue when utilized. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

The District has adopted a capitalization policy of \$1,000.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

J. Compensated Absences

Amounts representing accumulated vacation and personal leave expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the government fund that will pay it.

K. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized as revenue when levied to the extent they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

The District, along with certain other governmental units, is permitted by the Constitution of the State of Michigan of 1963 to levy combined taxes up to \$50 per \$1,000 of assessed valuation for general governmental services other than the payment of Debt Service Fund expenses if approved by a majority of the electors. The District must include certain tax levies of other governmental units located within the District, primarily the county, when determining the maximum millage of \$50 per \$1,000 of assessed valuation. For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund Mills</u>	
General Fund - Non-Homestead	.1676
Debt Retirement	.9856
Technical Education	.9856

L. Unemployment Insurance

The District reimburses the Michigan Employment Security Commission (MESC) for the actual amount of unemployment benefits disbursed by the MESC on behalf of the District. Billings received for amounts paid by the MESC through June 30 are accrued.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of net current assets does not constitute "available spendable resources". Designated fund balances represents amounts set aside by the governing body for specific purposes.

N. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. The District follows these procedures in establishing the budgetary date reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budget is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - all governmental fund types.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred unless authorized in the budget, or in excess of the amount appropriated. Any expenditures in violation of the budgeting act are disclosed as unfavorable variances on the combined statement of revenues, expenditures and changes in fund balances - budget and actual (GAAP basis) - all governmental fund types.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30th.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The budget for the year ended June 30, 2006 was adopted on June 9, 2005 and formally amended at each monthly board of education meeting.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund and Special Revenue Funds is presented as Required Supplemental Information.

NOTE 2 - CASH AND EQUIVALENTS

Deposits

The District's cash and equivalents, as reported in the Statement of Net Assets, consisted of the following:

Petty cash	\$ 600
Checking accounts	<u>2,026,860</u>
TOTAL	<u>\$2,027,460</u>

Michigan statutes authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Deposit Risk

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of June 30, 2006, the District's cash and equivalents were uninsured in the amount of \$2,396,139. The checking accounts were collateralized by a repurchase agreement with U.S. Government securities with a fair market value of \$3,431,944 at June 30, 2006.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

There are no Interfund receivables and payables for the year ended June 30, 2006.

Interfund transfers for the year ended June 30, 2006 are as follows and represent amounts transferred to other funds to cover expenses incurred in the other funds.

	Transfers In	Transfers Out
General Fund:		
Special Education	\$ 35,000	\$ 150,436
Technical Education	35,000	72,514
Early Childhood	78,964	-
Total	148,964	222,950
Special Education:		
General Fund	150,436	35,000
Internal Service	-	238,000
Total	150,436	273,000
Technical Education:		
General Fund	72,514	35,000
Capital Projects	-	30,000
Internal Service	-	44,500
Total	72,514	109,500
Early Childhood:		
General Fund	-	78,964
Internal Service	-	6,733
Total	-	85,697
Capital Projects:		
Technical Education	30,000	-
Internal Service:		
Special Education	238,000	-
Technical Education	44,500	-
Early Childhood	6,733	-
Total	289,233	-
Totals	\$ 691,147	\$ 691,147

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 4 – CAPITAL ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2006 follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Land and buildings	\$ 2,949,140	\$ 116,605	\$ -	\$ 3,065,745
Equipment	1,788,582	92,281	(34,453)	1,846,410
Vehicles	<u>371,268</u>	<u>-</u>	<u>(153,873)</u>	<u>217,395</u>
TOTALS	5,108,990	\$ 208,886	\$ (188,326)	5,129,550
Accumulated Depreciation	<u>(1,879,481)</u>	<u>\$ (178,950)</u>	<u>\$ 110,957</u>	<u>(1,947,474)</u>
Net Fixed Assets	<u>\$ 3,229,509</u>			<u>\$ 3,182,076</u>

Depreciation for the year ended June 30, 2006, amounted to \$178,950. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

NOTE 5 – LONG-TERM OBLIGATIONS

During the year ended June 30, 2006, the following changes occurred in long-term obligations:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due Within One Year
Durant Bonds	\$ 283,175	\$ -	\$ (21,455)	\$ 261,720	\$102,523
Employee Benefits:					
Sick Leave	-	4,288	-	4,288	-
Teachers Early Retirement	<u>113,000</u>	<u>206,733</u>	<u>(30,500)</u>	<u>289,233</u>	<u>31,733</u>
TOTALS	\$ 396,175	\$ 211,021	\$ (51,955)	\$ 555,241	\$134,256



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 6 - BONDS AND NOTES PAYABLE

Long-term obligations at June 30, 2006 is comprised of the following amounts:

1. 1998 Durant Bonds, in the original amount of \$443,244 due in annual installments from \$31,124 to \$55,407 through May 15, 2013, with interest at 4.75%. \$261,720

The annual State of Michigan appropriation is the only revenue source for making the annual payments on the Durant Bonds. The District is under no obligation to make the annual payment in any year the legislature fails to appropriate the proper amount of funds.

2. Vested accumulated sick pay 4,288
3. A commitment to pay equal monthly installments for each year beginning September 1 of the first school year of retirement. On January 1 of each year during which the retirement incentives are due, the retirees may elect to receive the entire amount due for that calendar year in a lump sum. 289,233

TOTAL LONG-TERM OBLIGATIONS \$555,241

The annual requirements to amortize long-term obligations outstanding as of June 30, 2006 are as follows:

Year Ended June 30	Bond Issues		Total	Sick Leave and Early Retirement	Total
	Principal	Interest			
2007	\$ 102,523	\$ 44,356	\$ 146,879	\$ 31,733	\$ 178,612
2008	23,547	7,582	31,129	25,000	56,129
2009	24,668	6,459	31,127	23,500	54,627
2010	25,841	5,284	31,125	9,000	40,125
2011	27,072	4,054	31,126	-	31,126
2012-2016	<u>58,069</u>	<u>4,180</u>	<u>62,249</u>	<u>204,288</u>	<u>266,537</u>
TOTALS	<u>\$ 261,720</u>	<u>\$ 71,915</u>	<u>\$ 333,635</u>	<u>\$ 293,521</u>	<u>\$ 627,156</u>

Interest expense for the year ended June 30, 2006 was \$9,671.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 7 FUND BALANCES

Portions of fund balances are reserved or designated and not available for general purposes other than fund usage as follows.

	<u>Unreserved Designated</u>
Special Education:	
Future sick and early retirement benefits	\$ 86,112
Technical Education:	
Future sick and early retirement benefits	26,000
ECE Building:	
Future capital improvements	22,605
Capital Projects:	
Future capital improvements	<u>984,740</u>
TOTAL	<u>\$1,119,457</u>

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Plan Description – The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer, defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the District. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy – Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 14.87 percent for the period July 1, 2005 through September 30, 2005 and 16.34 percent for October 1, 2005 through June 30, 2006 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The District's contributions to the MPERS plan for the years ended June 30, 2006, 2005, and 2004 were \$703,712, \$529,364, and \$518,524.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

(Continued)

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

Post Employment Benefits – Under the MPSERS Act, all retirees participating in the MPSERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost of Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPSERS plan discussed above.

NOTE 9- RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participated in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said year, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE 10- USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 11- SIGNIFICANT ESTIMATES

Included in footnote 8 is a summary of the employee retirement plan provisions and actuarial assumptions. The actuarial assumptions are very critical to the computation of actuarial determined liabilities of the plan. If the assumptions differ from actual results annual contributions to the defined benefit plan can substantially change.

REQUIRED SUPPLEMENTAL INFORMATION

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 463,693	\$ 647,090	\$ 510,489
State sources	454,897	706,375	651,471
Federal sources	220,519	1,416,970	784,242
TOTAL REVENUES	1,139,109	2,770,435	1,946,202
EXPENDITURES:			
Instruction	325,290	453,329	324,109
Supporting services	659,803	2,137,910	1,342,206
TOTAL EXPENDITURES	985,093	2,591,239	1,666,315
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	154,016	179,196	279,887
OTHER FINANCING SOURCES (USES):			
Transfers in	181,894	148,964	148,964
Payments to other governmental units	(127,052)	(129,812)	(129,812)
Transfers out	(222,950)	(222,950)	(222,950)
TOTAL OTHER FINANCING SOURCES (USES)	(168,108)	(203,798)	(203,798)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(14,092)	(24,602)	76,089
FUND BALANCE, JULY 1	561,303	561,303	561,303
FUND BALANCE, JUNE 30	\$ 547,211	\$ 536,701	\$ 637,392

The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL EDUCATION FUND**

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 1,780,333	\$ 1,942,831	\$ 1,846,023
State sources	981,725	940,261	940,957
Federal sources	1,461,940	1,452,622	1,452,622
TOTAL REVENUES	4,223,998	4,335,714	4,239,602
EXPENDITURES:			
Instruction	2,131,151	2,236,309	2,236,465
Supporting services	1,768,495	1,904,258	1,912,122
TOTAL EXPENDITURES	3,899,646	4,140,567	4,148,587
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	324,352	195,147	91,015
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	150,436
Payments to other governmental units	(258,000)	(342,380)	(291,892)
Other uses	-	-	(69,690)
Transfers out	(35,000)	(273,000)	(273,000)
TOTAL OTHER FINANCING SOURCES (USES)	(293,000)	(615,380)	(484,146)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	31,352	(420,233)	(393,131)
FUND BALANCE, JULY 1	580,835	580,835	580,835
FUND BALANCE, JUNE 30	\$ 612,187	\$ 160,602	\$ 187,704

The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
TECHNICAL EDUCATION FUND**

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 1,536,256	\$ 1,642,049	\$ 1,571,630
State sources	267,131	171,649	184,345
Federal sources	88,825	94,155	93,982
TOTAL REVENUES	1,892,212	1,907,853	1,849,957
EXPENDITURES:			
Instruction	1,168,910	1,042,628	1,042,962
Supporting services	645,369	680,170	681,915
TOTAL EXPENDITURES	1,814,279	1,722,798	1,724,877
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	77,933	185,055	125,080
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	72,514
Payments to other governmental units	-	(142,459)	(142,459)
Transfers out	(65,000)	(109,500)	(109,500)
TOTAL OTHER FINANCING SOURCES (USES)	(65,000)	(251,959)	(179,445)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	12,933	(66,904)	(54,365)
FUND BALANCE, JULY 1	485,890	485,890	485,890
FUND BALANCE, JUNE 30	\$ 498,823	\$ 418,986	\$ 431,525

The accompanying notes to the financial statements are an integral part of this statement.



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
EARLY CHILDHOOD FUND**

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 50,889	\$ 54,342	\$ 54,464
Federal sources	1,534,856	1,573,806	1,540,118
TOTAL REVENUES	1,585,745	1,628,148	1,594,582
EXPENDITURES:			
Instruction	649,522	670,045	671,007
Supporting services	857,259	872,406	837,877
TOTAL EXPENDITURES	1,506,781	1,542,451	1,508,884
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	78,964	85,697	85,698
OTHER FINANCING SOURCES (USES):			
Transfers out	(78,964)	(85,697)	(85,697)
TOTAL OTHER FINANCING SOURCES (USES)	(78,964)	(85,697)	(85,697)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	1
FUND BALANCE, JULY 1	(1,220)	(1,220)	(1,220)
FUND BALANCE, JUNE 30	\$ (1,220)	\$ (1,220)	\$ (1,219)

The accompanying notes to the financial statements are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

FEDERAL SINGLE AUDIT REPORTS

For the Year Ended June 30, 2006

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Dickinson-Iron Intermediate School District
Kingsford, Michigan

We have audited the financial statements of Dickinson-Iron Intermediate School District as of and for the year ended June 30, 2006, and have issued our report thereon dated July 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dickinson-Iron Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickinson-Iron Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Tackman & Co. PLLC

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Iron Mountain, Michigan
July 31, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Education
Dickinson-Iron Intermediate School District
Kingsford, Michigan

Compliance

We have audited the compliance of Dickinson-Iron Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Dickinson-Iron Intermediate School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Dickinson-Iron Intermediate School District's management. Our responsibility is to express an opinion on Dickinson-Iron Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dickinson-Iron Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dickinson-Iron Intermediate School District's compliance with those requirements.

In our opinion, Dickinson-Iron Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Dickinson-Iron Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Dickinson-Iron Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Tackman & Co. PLLC

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Iron Mountain, Michigan
July 31, 2006

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL AWARDS

For the Year Ended June 30, 2006

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2005	
			Accrued Receivable	Deferred Revenue
<u>GENERAL FUND</u>				
<u>Flow Through - Michigan</u> <u>Department of Education</u>				
<u>U.S. Department of Education</u>				
<u>Title V - Innov. Educ. Program</u>	84.298			
Source Project #0602500506		\$ 577	\$ -	\$ -
<u>Infant & Toddler</u>				
Source Project #051340190	84.181	86,448	7,291	-
Source Project #061340190		86,404	-	-
		172,852	7,291	-
<u>Math and Science Grants</u>				
Source Project #052410MSPF2005	84.366	100,000	-	-
Source Project #062410MSPF2005		948,651	-	-
		1,048,651	-	-
<u>Improving Teacher Quality</u>				
Source Project #0605200506	84.367	392	-	-
TOTAL MICHIGAN DEPARTMENT OF EDUCATION				
		1,222,472	7,291	-
<u>Flow Through - Department of Education</u> <u>Building Bridges</u>				
Source Project #U215X040066	84.215X	696,450	174,877	-
<u>Flow Through Marquette-Alger ISD</u> <u>Title V</u>				
Source Project #040480/TMT	84.298	3,814	869	-
Source Project #0502500405		2,403	-	-
		6,217	869	-
<u>Flow Through - Natioanl Council on</u> <u>Economic Education</u>				
<u>Public Telecommunications Facilities Program</u>	11.550			
Source Project #Unknown		30,495	-	-
<u>Flow Through - Natioanl Council on</u> <u>Economic Education</u>				
<u>Economic Education</u>	84.215B			
Source Project #Unknown		8,883	1,341	-
TOTAL US DEPARTMENT OF EDUCATION				
		1,964,517	184,378	-
TOTAL GENERAL FUND				
		\$ 1,964,517	\$ 184,378	\$ -


**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts</u>	<u>June 30, 2006 Accrued / (Deferred) Revenue</u>
<u>\$ -</u>	<u>\$ 577</u>	<u>\$ 577</u>	<u>\$ -</u>
74,459	11,989	19,280	-
<u>-</u>	<u>75,780</u>	<u>55,731</u>	<u>20,049</u>
<u>74,459</u>	<u>87,769</u>	<u>75,011</u>	<u>20,049</u>
-	100,000	100,000	-
-	281,275	222,272	59,003
-	<u>381,275</u>	<u>322,272</u>	<u>59,003</u>
-	392	392	-
<u>74,459</u>	<u>470,013</u>	<u>398,252</u>	<u>79,052</u>
<u>232,850</u>	<u>280,626</u>	<u>257,385</u>	<u>198,118</u>
3,814	-	869	-
-	2,403	2,403	-
<u>3,814</u>	<u>2,403</u>	<u>3,272</u>	<u>-</u>
-	28,099	-	28,099
<u>5,783</u>	<u>3,100</u>	<u>4,441</u>	<u>-</u>
<u>316,906</u>	<u>784,241</u>	<u>663,350</u>	<u>305,269</u>
<u>\$ 316,906</u>	<u>\$ 784,241</u>	<u>\$ 663,350</u>	<u>\$ 305,269</u>

The accompanying notes to the schedule of federal financial awards are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL AWARDS

For the Year Ended June 30, 2006

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2005	
			Accrued Receivable	Deferred Revenue
<u>SPECIAL EDUCATION FUND</u>				
Flow Through - Michigan Department of Education				
U.S. Department of Education				
<u>94-142 Flow Through</u>	84.027			
Source Project #0604500506		\$ 1,273,765	\$ -	\$ -
<u>Special Ed Grants</u>	84.027			
Source Project #060480EOSD		50,000	-	-
Source Project #060490TS		60,000	-	-
		110,000	-	-
<u>94-142 Pre-School</u>	84.173			
Source Project #0404600304		66,882	1	-
Source Project #0604600506		65,505	-	-
		132,387	1	-
TOTAL US DEPARTMENT AND MICH. DEPT OF EDUCATION		1,516,152	1	-
Flow Through Marquette-Alger ISD				
<u>TMT</u>	84.027			
Source Project #050480/TMT		2,875	272	-
<u>UP Autism Network - UPAN</u>	84.027A			
Source Project #0504901D20		2,522	2,522	-
Source Project #060490351		3,352	-	-
TOTAL FLOWTHROUGH MAISD		8,749	2,794	-
TOTAL SPECIAL EDUCATION FUND		\$ 1,524,901	\$ 2,795	\$ -



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS



<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts</u>	<u>June 30, 2006 Accrued / (Deferred) Revenue</u>
<u>\$ -</u>	<u>\$ 1,273,765</u>	<u>\$ 1,273,765</u>	<u>\$ -</u>
-	50,000	50,000	-
-	60,000	60,000	-
-	110,000	110,000	-
66,882	-	1	-
-	65,505	65,505	-
66,882	65,505	65,506	-
<u>66,882</u>	<u>1,449,270</u>	<u>1,449,271</u>	<u>-</u>
2,875	-	272	-
2,522	-	2,522	-
-	3,352	3,352	-
<u>5,397</u>	<u>3,352</u>	<u>6,146</u>	<u>-</u>
<u>\$ 72,279</u>	<u>\$ 1,452,622</u>	<u>\$ 1,455,417</u>	<u>\$ -</u>

The accompanying notes to the schedule of federal awards are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL AWARDS

For the Year Ended June 30, 2006

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2005	
			Accrued Receivable	Deferred Revenue
<u>TECHNICAL EDUCATION FUND</u>				
<u>Flow Through Marquette-Alger ISD</u>				
<u>Technology Prep</u>	84.243A			
Source Project #053540501402		\$ 15,673	\$ 4,236	\$ -
Source Project #06354060142		16,144	-	-
		31,817	4,236	-
<u>UP Entrepreneurship Curriculum</u>				
Source Project #650W0201	17.267	19,176	6,514	-
TOTAL FLOWTHROUGH MAISD		50,993	10,750	-
<u>Flow Through - Delta-Schoolcraft ISD</u>				
<u>Carl Perkins</u>	84.048			
Source Project #Unknown		70,074	47,202	-
Source Project #Unknown		62,681	-	-
TOTAL FLOWTHROUGH DSISD		132,755	47,202	-
<u>Flow Through - Homeland Security</u>				
Source Project #Unknown	16.007	2,668	-	-
TOTAL TECHNICAL EDUCATION FUND		186,416	57,952	-
<u>EARLY CHILDHOOD EDUCATION FUND</u>				
<u>Flow Through - Michigan</u>				
<u> Department of Education</u>				
<u>U.S. Department of Agriculture</u>				
<u>CCFP Meals</u>	10.558	64,922	-	-
<u>Flow Through Health and Human Services</u>				
<u>Head Start</u>	93.600			
2005/06		1,475,196	-	-
TOTAL EARLY CHILDHOOD EDUCATION FUND		1,540,118	-	-
TOTAL ALL FUNDS FEDERAL FINANCIAL AWARDS		\$ 5,215,952	\$ 245,125	\$ -



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2006 Accrued / (Deferred) Revenue
\$ 15,673	\$ -	\$ 4,236	\$ -
-	16,144	4,158	11,986
<u>15,673</u>	<u>16,144</u>	<u>8,394</u>	<u>11,986</u>
6,514	12,662	19,176	-
<u>22,187</u>	<u>28,806</u>	<u>27,570</u>	<u>11,986</u>
70,074	-	47,202	-
-	62,508	30,036	32,472
<u>70,074</u>	<u>62,508</u>	<u>77,238</u>	<u>32,472</u>
-	2,668	2,668	-
<u>92,261</u>	<u>93,982</u>	<u>107,476</u>	<u>44,458</u>
-	64,922	64,922	-
-	1,475,196	1,475,196	-
-	<u>1,540,118</u>	<u>1,540,118</u>	-
<u>\$ 481,446</u>	<u>\$ 3,870,963</u>	<u>\$ 3,766,361</u>	<u>\$ 349,727</u>

The accompanying notes to the schedule of federal financial awards are an integral part of this statement.



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS

For the Year Ended June 30, 2006

Awarding Agency/ Award Description	Federal Catalog Number	Subrecipient Grant Award Amount	July 1, 2005		Prior Year Expenditures	Current Year Transfers	Amounts Reported By Subrecipient	June 30, 2006 Due To / Due From Subrecipient
			Due To Subrecipient	Due From Subrecipient				
<u>SPECIAL EDUCATION FUND</u>								
U.S. Department of Education								
94-142 Flow Through								
Source Project #0604500506								
84.027								
<u>Subrecipient</u>								
Breitung Township Schools		\$ 46,294	\$ -	\$ -	\$ -	\$ 46,294	\$ 46,294	\$ -
Forest Park Schools		15,026	-	-	-	15,026	15,026	-
Iron Mountain Public Schools		28,314	-	-	-	28,314	28,314	-
North Dickinson Schools		9,843	-	-	-	9,843	9,843	-
Norway Vulcan Schools		18,818	-	-	-	18,818	18,818	-
West Iron County Schools		39,705	-	-	-	39,705	39,705	-
Sub-Total		158,000	-	-	-	158,000	158,000	-
<u>Flow Through - Department of Education</u>								
<u>Building Bridges</u>								
Source Project #U215X040066								
<u>Subrecipient</u>								
Eastern U.P. ISD		38,828	-	-	-	38,828	38,828	-
Marquette-Alger ISD		36,328	-	-	-	9,964	36,328	26,364
Copper Country ISD		30,328	-	-	-	13,946	30,328	16,382
Gogebic-Ontonagon ISD		24,328	-	-	-	24,328	24,328	-
Sub-Total		129,812	-	-	-	87,066	129,812	42,746
Total Awards Provided to Subrecipients		\$ 287,812	\$ -	\$ -	\$ -	\$ 245,066	\$ 287,812	\$ 42,746

The accompanying notes to the schedule of federal financial awards are an integral part of this statement.

DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS

For the Year Ended June 30, 2006

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of Dickinson-Iron Intermediate School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

NOTE 2 - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule using the Recipient Entitlement Balance Report and other district records. Spoilage or pilferage, if any, is included in expenditures.

NOTE 3 - COST REPORTS

Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports.

NOTE 4 - GRANTS SECTION AUDITORS' REPORT

Management has utilized the Grants Section Auditors' Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



DICKINSON-IRON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion of the general purpose financial statements of Dickinson-Iron Intermediate School District.
2. There were no reportable conditions relating to the audit of the general purpose financial statements.
3. There were no instances of noncompliance material to the general purpose financial statements of Dickinson-Iron Intermediate School District.
4. There were no reportable conditions relating to the audit of the major federal award programs as reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Dickinson-Iron Intermediate School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Dickinson-Iron Intermediate School District.
7. The programs tested as major programs included: CFDA No. 84.027 Special Education, CFDA No. 84.173 94-142 Pre-School and CFDA No. 84.366 Math and Science Grants.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Dickinson-Iron Intermediate School District was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

1. There were no findings or questioned costs.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no findings or questioned costs.

D. SUMMARY OF PRIOR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no prior findings or questioned costs.

